MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION POLICY COMMITTEE MEETING

March 16, 2005
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Mayor Elaine Scruggs, Glendale, Chair
Councilmember Peggy Bilsten, Phoenix, Vice Chair
Kirk Adams, The Adams Agency
F. Rockne Arnett, Citizens Transportation Oversight Committee
+Mayor Ron Badowski, Wickenburg
Stephen Beard, SR Beard & Associates
Mayor Steven Berman, Gilbert
Dave Berry, Swift Transportation
Jed S. Billings, FNF Construction
* Mayor James Cavanaugh, Goodyear
* Councilmember Pat Dennis, Peoria
* Mayor Ron Drake, Avondale
* Mayor Boyd Dunn, Chandler
+Rusty Gant, ADOT
* Mayor Hugh Hallman, Tempe
Mayor Keno Hawker, Mesa
* Eneas Kane, DMB Associates
Mayor Mary Manross, Scottsdale
Jacob Moore, Salt River Pima-Maricopa Indian Community
* David Scholl, Westcor
Councilmember Daniel Schweiker, Paradise Valley
Supervisor Max W. Wilson, Maricopa County
Mayor J. Woodfin Thomas, Litchfield Park

* Not present
# Participated by telephone conference call
+ Participated by videoconference call

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair Elaine Scruggs at 4:10 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Scruggs welcomed Supervisor Max Wilson as the representative for Maricopa County to the TPC. She announced that Mayor Badowski and Rusty Gant were participating via videoconference call. Chair Scruggs stated that transit tickets for those who used transit to attend the meeting and parking garage ticket validation were available from MAG staff. Chair Scruggs noted that revised summary transmittals for agenda items #4C and #5 were at each place. They were revised to reflect public comment and action taken at the Management Committee meeting. She added that the bill summary for agenda item #7 was also at each place. The summary has been revised to reflect the status of legislation to-date.

Vice Chair Bilsten, Chair of the TPC Freeway Maintenance/Noise Mitigation Subcommittee announced that the Subcommittee will be meeting the second Tuesday of each month at 10:30 a.m. She said that Vice Mayor Dennis, Mayor Hallman, Councilmember Schweiker, and Mayor Cavanaugh will also serve on the Subcommittee. Vice Chair Bilsten thanked everyone for their support of this issue. She assured the TPC that the Subcommittee will be aggressive in their charge in order to keep the promises made to the voters.

3. Call to the Audience

Chair Scruggs stated that an opportunity is provided to the public to address the Transportation Policy Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Citizens will be requested not to exceed a three minute time period for their comments. She noted that an opportunity is provided to comment on agenda items posted for action at the time the item is heard. Chair Scruggs noted that no public comment cards had been turned in.

4. Approval of Consent Agenda

Chair Scruggs stated that any member of the committee can request that an item be removed from the consent agenda and considered individually. Chair Scruggs stated that agenda items #4A, #4B, and #4C, were on the consent agenda. She noted that no public comment cards had been turned in on the consent agenda. No requests to consider an item individually were noted.

Mr. Arnett moved to approve consent agenda items #4A, #4B, and #4C. Vice Chair Bilsten seconded, and the motion carried unanimously.

4A. Approval of February 16, 2005 Meeting Minutes

The Transportation Policy Committee, by consent, approved the February 16, 2005 meeting minutes.

4B. Conformity Consultation

The Maricopa Association of Governments is conducting consultation on a conformity assessment for an amendment to the FY 2004-2007 MAG Transportation Improvement Program (TIP). The proposed amendment includes two City of Phoenix federally-funded safety projects for addition to FY 2005 (see attachment). The amendment includes new projects that are exempt from conformity determinations. The proposed amendment, as well as the consultation on the corresponding conformity assessment, were on the agendas for the March 9, 2005 meeting of the MAG Management Committee and the March 23, 2005 meeting of the MAG Regional Council. Comments on the conformity assessment are requested by March 23, 2005. This item was on the agenda for consultation.

4C. Amendment to the FY 2004-2007 MAG Transportation Improvement Program to Add Two Phoenix Federally Funded Surface Transportation Program Hazard Elimination and Safety (STP-HES) Projects for FY 2005

The Transportation Policy Committee, by consent, recommended approval of an amendment to the FY 2004-2007 MAG Transportation Improvement Program to add safety improvement projects at Indian

School Road at 67th Avenue and McDowell Road at 43rd Avenue to FY 2005 utilizing STP-HES funding. At the beginning of March, the City of Phoenix was awarded, through the Federal Highway Administration, $916,970 in Surface Transportation Program Hazard Elimination and Safety (STP-HES) funds for two safety projects to be obligated in FY 2005. The two projects are located at the intersections of Indian School Road at 67th Avenue and McDowell Road at 43rd Avenue and include street lighting, bus bays and paving improvements. These projects are exempt from air quality conformity requirements. To utilize this funding, the City Phoenix is requesting that two projects be included in the FY 2004-2007 TIP for FY 2005. On March 9, 2005, the Management Committee recommended approval of the amendment.

5. <u>Modifications to the MAG Regional Transportation Plan</u>

Roger Herzog addressed the committee on modifications to the Regional Transportation Plan. He said that as part of the process to develop the MAG Transportation Improvement Program (TIP) for the period FY 2006-2010, changes have been proposed regarding the phases in which certain projects in the Regional Transportation Plan (RTP) would be constructed. Mr. Herzog noted that an interim policy on projects was addressed through the committee process in February, and the Interim Draft of the Arterial Life Cycle Program Policies and Procedures would be discussed on a separate agenda item. He advised that the proposed phase changes would be accomplished through funding provided by the jurisdictions proposing project advancements and the jurisdictions would be reimbursed for their funding in the phase in which the project was originally scheduled in the RTP. Mr. Herzog advised that the proposed RTP project phase modifications were distributed to Valley Metro/RPTA, ADOT, Maricopa County, Indian Communities, and municipalities for agency consultation as required by State law. He stated that this requirement is in effect until the end of 2005, when the usual update process will resume. Mr. Herzog stated that the agency consultation period ended February 23, 2005, and comments received were included in the agenda packet. He added that following approval, the advanced projects would be included in the RTP and the Draft FY 2006-2010 TIP, as appropriate, which would then go through the committee process for approval of air quality conformity analysis, with final approval in July. Chair Scruggs thanked Mr. Herzog for his report and asked if there were questions.

Mayor Hawker commented on why the modifications were being considered before Interim Draft of the Arterial Life Cycle Program Policies and Procedures had been discussed. He said that it was difficult to address the modifications without knowledge of how advanced projects would be reimbursed. Mr. Herzog replied that the action on the modifications was relative to phasing as far as air quality conformity analysis, rather than reimbursement. Mayor Hawker stated that he was fine with the requested motion as long as there was an understanding that the modifications could be readdressed if there are changes to funding.

Chair Scruggs noted that the Interim Draft of the Arterial Life Cycle Program Policies and Procedures were not posted for action, only discussion. She added that the final decision has not yet been made for reimbursement. Chair Scruggs commented that she had been assured that these jurisdictions want to go ahead with the projects regardless of the reimbursement policy.

Mayor Hawker commented that Mesa's projects were of equal value and were swapping phases. He commented that he wanted to be cautious because there might be ramifications of that reimbursement policy on a swap.

Mayor Hawker moved to recommend approval of the inclusion of the proposed project phase modifications in the MAG Regional Transportation Plan and in the Draft FY 2006-2010 Transportation Improvement Program, as appropriate, for the purpose of air quality conformity analysis, and that modifications could be readdressed if there are changes to funding. Vice Chair Bilsten seconded, and the motion carried unanimously.

6. Interim Draft of the Arterial Life Cycle Program Policies and Procedures

Eric Anderson reported on the Interim Draft of the Policies and Procedures that are needed to guide the Arterial Life Cycle Program. He said that guidance and input was being requested from the TPC on the draft policies and procedures, which will continue to be refined this month and next month with possible action in May. He added that action could be taken in June if needed.

Mr. Anderson stated that the RTP Arterial Life Cycle Program includes $1.5 billion of street projects. He noted that the HB 2456 requires an arterial life cycle budget process to deliver the projects that are in the RTP. Mr. Anderson stated that the Draft Policies and Procedures has been under development for the past year with agency staff. The objectives of the Draft Policies and Procedures include fiscal integrity, effective and efficient implementation of the RTP, accountability through performance and annual audits, transparency to ensure understanding by the public and jurisdictions, and compliance with state and federal laws. Mr. Anderson reviewed the factors considered in the development of the interim policies and procedures: The arterial life cycle program must include all of the arterial projects identified in the RTP. Resources to fund arterial projects must be sufficient to build the first projects as well as the last projects in the program. Many of the projects have not been fully scoped or designed. Funding from third parties, for example, developer or federal funds, should be encouraged. Adequate funding to complete the project must be identified before construction begins because regional funding covers only a portion of the cost. Jurisdictions should be able to advance construct projects and be reimbursed according to the adopted schedule.

Mr. Anderson stated that a lead agency must be designated before work can be initiated. He said that this would be accomplished through a project agreement. Mr. Anderson stated that changes must be approved through MAG. Projects have fixed regional budgets as indicated in the approved RTP adjusted for inflation.

Mr. Anderson reviewed the tasks remaining. He stated that staff will continue to refine the document and incorporate policy guidance and comments. He said that a project agreement will be drafted with one of the member agencies to serve as a model. Mr. Anderson stated that projects in the last three phases will be annualized within each five year block. The 20-year life cycle budget will be completed to ensure that there is enough money in the bank annually. He advised that following completion of the 20-year annual budget, it may be broken down into quarterly and monthly sections.

Mr. Anderson then moved on to the policy issue of allocations for surplus project funds and surplus program funds. He explained that surplus project funds are those funds realized from cost savings on a project and surplus program funds are funds realized if additional revenue comes in. Mr. Anderson said that for a project surplus, the policy being proposed is that the project cost savings could be used for another project in that city.

Mr. Berry asked if the project added because of project cost savings would need to be within the same mode. Mr. Anderson replied that it would. He added that a city also could use the funds to augment another one of its projects up to 70 percent of the total project cost. Mr. Anderson stated that the concept is that the surplus funds would stay in that community.

Chair Scruggs asked the process for requesting a new project that was not in the RTP and how is sufficient funding ensured for approved RTP projects when it is unknown if there could be an economic downturn? Mr. Anderson replied that this policy would apply only to surplus project funds for completed projects. For example, if a project is in the RTP for $10 million and ends up costing $5 million, those savings are surplus project funds. He explained that the entire program budget includes a total of $10 million for that project. The assumption being made is that the life cycle budget has enough resources to pay the full $10 million, then if the project only cost $5 million, this project surplus would still be available. Mr. Anderson stated that if the annual life cycle budget indicates a deficit, then projects might have to be moved farther out, perhaps outside of the 20-year horizon. If there are additional revenues coming in, that would be a program surplus. Mr. Anderson stated that if there are surplus program funds, projects could move up in the schedule in order and new projects could be added at the end of the program.

Chair Scruggs asked if new projects funded by surplus project funds would be phased at the end of the program in a bank account of sorts to ensure the projects in the RTP could be funded. Mr. Anderson replied that if a project occurs in 2010 for instance, that money would be available in 2010. Mr. Anderson said that the concept is that the completed, underbudgeted project freed up $5 million. The total amount of allocation would be the same, in the same year, to the same jurisdiction. Mr. Anderson stated that being able to reapply the project cost savings to another project would provide a city with an incentive to save. He commented that it would involve the same level of regional funds with no financial impact to the regional program. Chair Scruggs commented that this could provide an opportunity for a project to come in at a higher bid. Mr. Anderson added that the numbers plus inflation are already locked in the RTP.

Mr. Berry asked what happens if there is not adequate funding in Phase 4 to reimburse a city for a project advanced to an earlier phase? If there is a recession, would a city receive full or reduced reimbursement? Mr. Anderson replied that the reimbursement would be treated like other projects in Phase 4. Future policy makers could decide to reduce all reimbursements proportionately by a certain percentage or they could retain the budgets and push the projects out farther. Mr. Berry commented that it seemed to him that if a city advances a project, it needs to go at risk for reimbursement rather than other projects being delayed. Mr. Anderson said that the reimbursement risk would be the same as any project in Phase 4. Mr. Berry asked if cities would be obligating their own bonding, not MAG's. Mr. Anderson replied that was correct.

Mayor Thomas asked Mr. Anderson to explain the process staff used for determining the project costs. Mr. Anderson replied that project costs were based on historical cost information or information provided by jurisdictions. He indicated that one problem is that until projects are actually scoped and designed, there could be higher costs due to utility work, drainage, etc. Mr. Anderson advised that at the regional level, the dollar amount for each project has been locked in.

Councilmember Schweiker commented that using surplus project funds to fund new projects coupled with a shortfall could result in some projects in the original RTP being pushed back, while the new projects would be built. Mr. Anderson stated that the thought was that a project allocated $10 million in the RTP was a commitment to the jurisdiction. He said that there might be value engineering or a developer might pay $5 million of the $10 million project cost. Mr. Anderson stated that this provides an incentive because they would lose the regional money if they do not spend it. Councilmember Schweiker asked if it would make more sense to apply project surplus funds toward advancing a project in the original plan. Mr. Anderson stated that cities have the responsibility to implement the project and not be penalized for saving money. The concept is that the city would receive the same amount of funds. Councilmember Schweiker asked if a city could use the project surplus funds for advancing another project. Mr. Anderson replied that some cities might not have another approved street project to apply the surplus.

Vice Chair Bilsten expressed concern for this concept because historically, it seems that projects at the end lose. She commented that she thought the surplus project funds should go back into the regional pot. She asked what happens if a city goes over budget on a project? Mr. Anderson replied that a city would not receive additional funding. He added that there is only one source of funds for arterials and those funds are fully programmed. Vice Chair Bilsten stated that is important that what we do in the first five years does not jeopardize the last 15 years. She said that any changes for re-programming should be brought back to MAG for regional approval. Mr. Anderson stated that any change or reallocation would need to come back through the MAG committee process.

Supervisor Wilson questioned at what point in the phase would a jurisdiction be reimbursed, beginning or end? He commented that this could impact how decisions are made. Mr. Anderson replied that had not yet been determined. Supervisor Wilson stated that he had concerns that some cities could continue to add other projects because of value engineering or developer money, and other cities might not get their roads built at all. He asked if there is a shortfall in Phase 2, could that be spread out in the rest of the phases so those projects at the end are not cut or delayed? Mr. Anderson stated that staff will be analyzing costs and revenues annually and demonstrating that they align. If not, then the life cycle program cannot be certified. If it looks like revenue will be lower, the life cycle budget process adjusts the program, either by reducing budgets or delaying projects.

Mayor Hawker said if a city's project cost $15 million instead of $10 million and then the city saves $5 million on another, and that savings are not given back to the city, it is not quite in balance. He commented that he thought incentives to cities to be cost effective would be desired. If there is no reason to save, the money will be spent. Mayor Hawker stated that it would be better off to incentivize cities. He stated his support for the concept of project surplus going for another project. Mayor Hawker added that the other policies and procedures cannot be concluded until the interest rate issue is decided because that will determine if there is a surplus at the end or not. Mayor Hawker commented on project money being left at the end if the interest rate is higher. If the rate is four percent over 20 years, there will be money left over. He asked how is that money appropriated to all of the projects? Mr. Anderson answered that additional projects could be added. He said that a process to allocate extra money would be needed. Mayor Hawker asked if this would be decided by this group or by leaders during Phase 4? Mr. Anderson replied that allocation of surplus program money has not yet been planned out. If the life cycle report shows surplus cash balances, projects could be added at the end; if there is a shortfall, projects could be moved out or budgets reduced. Mayor Hawker stated that he wanted the first projects and the last projects to have funding available in cycle. He commented that he would not support anything that would jeopardize this. Mayor Hawker remarked that he would support the ability to advance projects and put a community at risk, but his concern is interest being paid and the last projects on the list not being built.

Mayor Manross expressed her agreement with the project surplus funds being kept in the jurisdiction. She remarked that a city being able to implement more projects is also a regional benefit. She said that equity is also desired. Mayor Manross stated that the realization that the funds can stay within the city is a motivation to do a project cost effectively.

Mr. Beard stated his support for keeping the surplus project money in a jurisdiction. He said that with the draft policy, the risk is adding new projects into the program. Mr. Beard indicated that this needs to come back for a major decision because the RTP is being amended by adding new projects. He stated that adding in projects too early could be putting projects in later phases in jeopardy.

Mayor Thomas stated that he supported giving surplus project funds to a city. He suggested keeping the surplus funds in an account until Phase 4 and then reassess whether the money is available.

Mayor Berman brought up the concerns that were expressed during the development of the RTP that some cities did not have projects completed. He expressed that he thought the TPC had done a fair job on allocation per jurisdiction. Mayor Berman suggested a formula for allocations. Every year each city would get a certain percent, so all would win or lose equally based on the original agreements.

Mr. Adams expressed his support for keeping the surplus project money within a city. He said that this encourages efficiency and creativity in project planning and implementation and maintains integrity to voters. Mr. Adams stated that he would be hesitant to support reallocating the surplus across the region and agreed with Mayor Manross that additional projects are beneficial to the region as a whole.

Mayor Manross commented that due diligence was done and the process was more thorough than 20 years ago. Mayor Manross stated that the Plan was put together with each community having to meet criteria on certain modes. She said that citizens do not seem as concerned about actual dollars as the projects. Mayor Manross stated that the Plan was not strictly percentage-oriented and she thought we are past that stage. Mayor Manross commented that with the life cycle, we will know if there are problems. Mr. Anderson said that he believed more information will be available on a regular basis to help policy makers than in the early days of the freeway program. He explained how MAG will use the program to track cash balances regularly. Mr. Anderson commented that unforseen events can impact the economy, but more tools are available to make better decisions.

Mr. Moore stated that he supported keeping the surplus money in a city. He said that it seems that geographic equity is always a concern. It speaks to integrity as to what has been approved and the voters expect. Mr. Moore stated that taking money from project cost savings and redistributing it is counter to what was presented to the voters. He expressed his agreement with Mayor Hawker to incentivize cities. Mr. Moore stated that he understood the concern with funding new projects if year 20 is unknown. He suggested having a queue for new projects at the end of the program for those cities that saved money and did not have programmed projects.

Chair Scruggs expressed concern for adding new projects in the front end when there is uncertainty what will happen at the end of the program. She stated that she felt more comfortable with having a device, such as a bank account, for each agency. Chair Scruggs commented that the bank account could be used if there is a shortfall or for new projects if a surplus. She added that this cannot be decided this until we decide the inflation issue, as Mayor Hawker said.

Mr. Anderson commented that the concept is reimbursement for inflation allowance only, not interest. He added that costs in the program do not include future inflation.

Mayor Thomas stated that the West Valley is a good example. He said that the I-10 Reliever and Loop 303 are in the outer phases where there is no opportunity for prior savings. Mayor Thomas stated that he thought the best effort of costs had been done. He said that he wanted to know how we can separate criteria from being just lucky and inputting some cost saving devices and opportunities. Mayor Thomas stated that the future time frame concerns him.

Mr. Anderson addressed the inflation adjustment. He noted that the RTP project costs are in 2002 dollars. He said that there were two things to be done to account for inflation: 1) Adjust the 2002 costs to 2005 dollars because the revenue will be in 2005 dollars. He said that a three percent inflation rate was assumed to arrive at 2005 dollars. 2) In the 20-year life cycle program, the arterial project costs of the RTP will include inflation from 2002 to 2005. Each year the costs and revenues will be adjusted for the past year's inflation. Mr. Anderson stated that after bringing the life cycle to 2005 dollars, the future revenues and costs will not include inflation. He gave as an example, in 2006, the arterial streets costs will be adjusted by the inflation that occurred in 2005.

Mr. Arnett asked what happens if inflation in 2015, for example, becomes five percent. How do you ensure that a city gets its projects when a three percent inflation rate is being assumed? Mr. Anderson replied that as we adjust costs for 2015, we will have accounted for historical inflation costs. He added that revenue will also be inflated as costs go up. Mr. Anderson stated that if inflation in 2015 is five percent, then the project costs that are listed in the 2015 Life Cycle Program would be increased by five percent when the 2016 Life Cycle Program is developed.

Mr. Berry stated that the risk in the assumption is if the economic drivers go out of sync. Mr. Anderson replied that revenues are affected by consumer price changes and freeway program costs are inflated actual material and labor costs, etc. Mr. Anderson indicated that ADOT has multiple sources of revenue and financing, so they can deal with differential in costs and they are responsible for completing the entire project. However, the arterial budgets are locked in and the responsibility is on the individual jurisdiction. Mr. Anderson stated that the regional revenue only increases with population growth, economic activity, and inflation. Mr. Berry asked if a jurisdiction would be committed to complete a project, even at a loss? Mr. Anderson replied that a city would have to complete, reduce the scope, or defer the project. Mr. Anderson stated that this is the only way to ensure that all arterial projects are built. Mr. Berry asked if once approved the Policies and Procedures would be final for the next 20 years? Mr. Anderson replied that he imagined they might be revised. He indicated that this is the first time a program such as this has been attempted and it is difficult to envision all contingencies. Mr. Anderson stated that we might find that an element does not work. Mr. Berry commented that a process for making changes would need to be drafted.

Chair Scruggs asked if the adopted MAG Freeway Acceleration Policy had been revised. Mr. Anderson replied that the policy had not changed.

Mr. Berry suggested that revisions might require a super majority approval.

Mayor Thomas stated that real estate is not a part of the Consumer Price Index. He said that he thought major highways are more susceptible to this type of differential inflation than arterials.

Mayor Hawker asked if there was an inflation factor allocation for the construction cost when freeways were accelerated. Mr. Anderson replied that there was a sharing of interest cost only and cost savings accrued to the program.

Mr. Anderson displayed a graph of the RTP sales tax projection that assumed real growth at four percent and inflation growth at three percent. He noted that the 20-year project cost in 2002 dollars is approximately $9 billion. Mr. Anderson stated that the inflation rate was not programmed because it is variable, but assumed to be three percent. He said that in inflated dollars, the 20-year total, in inflated dollars, is projected at approximately $14 billion in revenue.

Mr. Arnett asked if this additional contingency would take care of increased construction costs. Mr. Anderson replied that it would not, unless inflation of construction costs was equal to or less than the general inflation. He said that the same inflation rate needs to be applied to both costs and revenues. Mr. Anderson stated that if the construction costs were used, that could be at a higher rate than the inflation rate and we would not have enough money.

Mr. Anderson then explained the graph that showed the annual percent change in the RTP sales tax projection.

Mr. Anderson displayed a graph of alternative inflation indices. He said that the FHWA Highway Cost Index, based on highway construction bids, is 2.7 percent and fluctuates the most. He said that using the Phoenix Consumer Price Index or the US Consumer Price Index is recommended to better track our revenue source.

Mayor Hawker noted that the higher the index, the more assurance that there will be funds later. He commented that it was safer to start with a higher base; if it is too low, we are gambling.

Supervisor Wilson asked if we were creating our own inflation with road construction. Mr. Anderson replied that it is a concern that we have. He stated that ADOT's five-year program is $2.6 billion. Mr. Anderson said that there have been significant increases in concrete and steel prices because of what is happening in China. On the highway side, the concern is for industry capacity, which can cause prices to increase.

Mayor Hawker asked what RTP expenditures by year were in relationship to the Phoenix GNP. Mr. Anderson replied that it is probably about one percent. The regional product is more than $100 billion per year.

Mayor Thomas asked if this was applicable only for 2005. Mr. Anderson replied that was correct. He said that the cost will be adjusted each year and would like to settle on a factor to use now. Mayor Thomas pointed out that the US CPI and the FHWA index were at the same point in 2004. He commented that this was somewhat good assurance that income and costs align well.

Chair Scruggs asked about the fixed regional share. Mr. Anderson replied that the regional dollar amounts were fixed in the RTP. For example, if a city has a $10 million project in the RTP, that amount will be that number plus the inflation factor for 2002, 2003, and 2004. He said that project budgets will change every year using the factor.

Mayor Thomas stated that the standards are established and not changing. He stated that creative efforts are needed to save money.

Chair Scruggs stated that the TPC may vote on these policies and procedures in May. Mr. Anderson stated that the draft policies and procedures would be updated based on input from the TPC at tonight's meeting.

Mayor Hawker asked if a city gets back not only the funding, but also the index on advanced projects? He said that it still goes back to his concern that the first and last projects be built as the first priority before reimbursement for savings from inflation cost that the region will benefit from if the jurisdiction does not receive it. Mayor Hawker commented that the acceleration might be split–some to the region and some to the city--until the end and then distribute all.

Mr. Berry suggested separate votes on the sections of the policies and procedures. He added that it would be helpful to include on the fact sheet the major policy issues and how they are addressed and also indicate the changes made with editing marks.

Chair Scruggs concurred that having separate votes on sections would be appropriate. She added that preliminary votes could also be taken in May on those items members agree on.

Mr. Arnett asked for a few examples of inflation levels and times of the program, such as an intersection in the third year vs. the 16th year and another intersection accelerated but not paid for.

Supervisor Wilson commented that it did not make sense to reimburse a city for a project in the sixth year for a project moved from Phase 2 to Phase 1. Perhaps a city could be reimbursed 20 percent. Supervisor Wilson stated that a city cannot be reimbursed before the money comes in, which will happen on an annual basis. Supervisor Wilson stated that this needed to be addressed.

Mr. Moore commented that his question was the same as Supervisor Wilson's that before a project is advanced, when in the phase a city will be reimbursed. Mr. Anderson stated that this summer each project in the 20-year program will be placed in a specific year. He said that this has not been done for Phases 2 to 4, which are still in five-year blocks.

Chair Scruggs commented that she understood that some projects will be complete by January 2006 when the tax comes in. Mr. Anderson replied that some are underway. Chair Scruggs stated that there is a need to discuss those projects programmed in outer phases that are being done before the tax comes in and how they will be reimbursed with interest, etc.

Mayor Hawker stated that the TPC needs to decide if the project surplus money will go to the city. Mr. Anderson stated that plan changes still need to come back through the MAG process. Mayor Hawker stated that project swaps should be allowed if there is not impact on the program.

Mr. Berry commented on regional connectivity. He said that any swaps need to be examined for network performance.

7. Legislative Update

Tom Remes provided an update on legislative issues of interest. Mr. Remes stated that support is urged for HB 2624, which appropriates $118 million for the state general fund to HURF as repayment for an appropriation of the same amount that was diverted in 2004. He said that the bill is moving quickly and passed the Committee of the Whole that day.

Mr. Remes stated that SB 1119 is being monitored. He indicated that this was a strike everything bill that would appropriate some of the Highway User Revenue Fund (HURF) and Vehicle License Tax (VLT) allocations to DPS. Mr. Remes stated that the bill was transmitted to the House on March 15.

Mr. Remes stated that opposition is urged for SB 1322, which passed the Senate and will be moving to the House. He stated that the bill is understood to be a vehicle bill and more language might be added in the House, where it will be heard March 17.

Mr. Remes stated that opposition is urged for HB 2326, which repeals the in lieu fee for the vehicle emissions testing program and air quality programs funded by the in lieu fee. He noted that this would affect funding for the mandated trip reduction program, which is a required control measure for air quality. Mr. Remes also noted that the bill does not look like it is moving forward, but some elements have been included in budget bills.

There being no further business, the meeting adjourned at 6:00 p.m.

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Chair

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Secretary